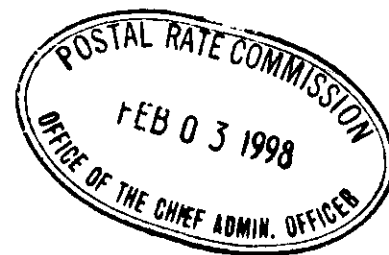


February 3, 1998

Hon. Margaret P. Crenshaw, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001



Dear Ms. Crenshaw:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3001.102 (1997), I have enclosed copies of the following:

Investment Income Statement, Fourth Quarter, GFY 1997.

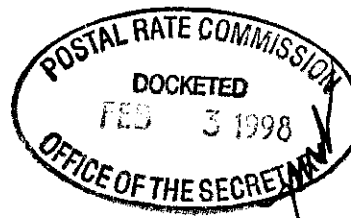
Sincerely,



Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Brown



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PRC 103	INVESTMENT INCOME FOURTH QUARTER, GFY 1997 FOURTH QUARTER (5/24/97-9/30/97)	YTD GFY 1997 (10/1/96-9/30/97)
BEGINNING BALANCE (Book Value)	\$2,495,732,554.36	\$859,800,329.09
ADD		
PURCHASES AT COST	200,263,398,262.05	377,189,069,428.72
ACCRUAL OF DISCOUNT	46,127,221.82	83,088,813.28
GAIN (LOSS) NET	160,218.25	303,155.26
SUBTOTAL	200,309,685,702.12	377,272,461,397.26
DEDUCT		
AMORTIZATION OF PREMIUM	4,969.59	34,004.24
PROCEEDS FROM SALES	201,945,574,807.37	377,272,389,242.59
SUBTOTAL	201,945,579,776.96	377,272,423,246.83
ENDING BALANCE _1/ (Book Value)	\$859,838,479.52	\$859,838,479.52
AVERAGE INVESTMENT BALANCE	\$2,393,410,846.83	\$1,597,660,108.50
INVESTMENT INCOME	\$46,754,140.55	\$86,594,261.76
AVERAGE YIELD = _2/	5.48%	5.43%

_1/ DOES NOT INCLUDE CERTIFICATE OF DEPOSIT \$8,786,000.00

_2/ AVERAGE YIELD $\frac{\text{INVESTMENT INCOME/\# OF DAYS IN QTR} \times 365}{\text{AVERAGE INVESTMENT BALANCE}}$

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